



California
Department of
Health Services

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Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

September 28, 2006

PPL 06-020

TO: Local Educational Consortium (LEC) and
Local Governmental Agency (LGA) Coordinators for the
Medi-Cal Administrative Activities (MAA) and
Targeted Case Management (TCM) Programs

SUBJECT: PROGRAM DOCUMENTATION

This Policy and Procedure Letter (PPL) reinforces existing documentation requirements for MAA/TCM costs claimed for both LGAs and LECs. This PPL:

- Clarifies the secondary documentation requirement outlined in PPL 05-012 for County-Based MAA/TCM, and
- Describes source documentation requirements in the event of a program review or audit.

SECONDARY DOCUMENTATION FOR TIME SURVEYS

To enhance State and local time survey oversight and implementation compliance, PPL 05-012 instructed County-Based MAA programs to provide time survey activity samples or other secondary documentation effective with time surveys beginning October 1, 2005. The PPL further required secondary documentation for time surveys submitted with FY 2006-07 TCM Cost Reports. School-Based MAA programs shall continue to provide the activity samples required with the time survey, pursuant to their program manual. The purpose of this documentation is primarily for participant supervisors, program coordinators, and California Department of Health Services (CDHS) program staff to assess if time survey participants correctly understand how to time-survey and if they are time-surveying to appropriate activities. The time survey samples also provide a tool for managers and supervisors to implement corrective action, if needed.

SOURCE DOCUMENTATION FOR PROGRAM REVIEW OR AUDIT

LGAs and LECs are advised that in the event of a program review or audit, time survey samples do not constitute sufficient *source* documentation to substantiate all activities or time for MAA or TCM. LGAs and LECs are required to substantiate time surveyed for MAA/TCM claims for Federal Financial Participation. LGAs and LECs are responsible for the documentation of all costs claimed, including those associated with personnel time. The nature and amount of all activities time-surveyed must be supported with sufficient documentation. Each LGA and LEC is responsible to determine what specific documentation it can provide to demonstrate the validity of its costs.

Existing regulations and agreements have required and continue to require documentation that demonstrates compliance with all MAA and TCM program requirements. These regulations and agreements include, but are not limited to: MAA Contracts and TCM Participation Agreements; Office of Management and Budgets (OMB) Circular A-87; and 42 CFR Sections 413.20, 413.24, 433.32, and 433.51.

Additionally, Centers for Medicare and Medicaid Services (CMS) Publication 15-1, Sections 2300 and 2304 requires that the LGA and LEC provide adequate cost data based on financial and statistical records to support all of their reimbursable costs. This data must be correct, accurate, and in sufficient detail to support payments made for services (or administrative activities) rendered to beneficiaries.

This documentation must be retained in the program's audit files and available for review throughout the required retention period. Costs not substantiated by source documents may be disallowed by CDHS, CMS, or other auditing agencies.

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If you have questions, please contact Mr. Fred Chow, Chief, Program Planning
and Policy Data Unit, at (916) 552-9618 or fchow@dhs.ca.gov.

Sincerely,

Original Signed by Elizabeth Touhey

Elizabeth Touhey, Chief
Administrative Claiming Local and
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cc: Ms. Cathleen Gentry
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